FBP Module 4: Actual Income & Expense

Prelude:

In Module 3 you learned how to use the loan schedule for completing the liabilities side of the balance sheet, entering both summary and detailed information, and tying the information to the projected cash flow. Now, you will use information from the customer's tax forms to create an actual income and expense statement.

Getting Started:

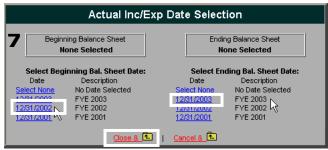
- 1. Log into the Web Equity Manager®.
- 2. Access your customer record.
- 3. Click "Inc / Exp" on the menu bar.



- Click "Add Actual Income/Expense."
- 5. Enter a "Beg. Date" of 01/01/03. Enter an "End. Date" of 12/31/03. Enter a "Description" of your choice.
- Click on the "None Selected" link under "Beg. Bal. Sht."



7. The popup window that appears is where you will choose balance sheet dates that mark the beginning and end of the income/expense period. Select 12/31/02 for the beginning balance sheet date and select 12/31/03 for the ending balance sheet date. Click the "Close & 1" link.



NOTE: It is not required that you select

a beginning/ending balance sheet, however, it is necessary if you want certain ratios to be calculated or if you plan on using an accrual adjusted income statement.

- 8. Click the "Add" link.
- 9. Click the "View" link to enter the applicable information from your customer's tax forms. This tax information is displayed on the following pages and will be used in your data entry exercise.



Data Entry Exercise:



Use the tax form information below to enter SUMMARY Actual Income/ Expense information.

SCHEDULE F		Profit or	Loss F	rom Farn	ning				L	OMB No	154-0074		
(Form 1040) Attach to Form 1040, Form 1041, or Form 1065.										2003			
Department of the Treasury (X) Internal Revenue Service		See Instruction	ns for Sch	edule F (Fon	m 1040)					Attachme Sequence N			
Name of proprietor		See maducat	7113 101 3011	eddie i (i oii	III 1040).		So	cial Secur	ity numbe		V. 14		
John & Jane Do													
A Principal product. Describe in	one or two words yo	ur principal crop or activity fo	or the curre	nt tax year.			В		rinciple ag om page	gricultural act	ivity I I		
							D			iber (EIN), If	any any		
C Accounting method:	(1) 🗶	Cash	(2)	Accrual						<u> </u>			
E Did you "materially participate	e" in the operation of t	this business during 1997? I	f "No," see	page F-2 for I	limit on p	assive losses.				Yes	No		
Part I Farm Income - Cash								Part I.)					
1 Sales of livestock and other		r draft, breeding, sport, or r resale			these s	67.800	97. 00						
2 Cost or other basis of livest	-				2		00	-					
3 Subtract line 2 from line 1		•				30,703	-	3	:	31,395	00		
4 Sales of livestock, produce,	, grains, and other pro	oducts you raised						4	3	85,830	00		
5a Total cooperative distribution	ns (Form(s) 1099-PA	TR) 5a				5b Taxable amou	unt	5b					
6a Agricultural program payme	ents (see page F-2)	6a				6b Taxable amou	ınt	6b		12,500	00		
7 Commodity Credit Corporat										-			
a CCC loans reported under of b CCC loans forfeited		1 1		 i	· · ·	 7c Taxable amou	nt .	7a 7c					
8 Crop Insurance proceeds a						ro ravable amea					 		
a Amount received in 1997						Bb Taxableamou	unt	8b					
c If election to defer to 1998 I	s attached, check her	re 🔽	7	8d	Amount	deferred from 19	96 .	8d					
9 Custom hire (machine work	ncome	· · · · · · · · · · · · ·	_					9		2,890	00		
10 Other income, including Fer	deral and state gasoli	ine or fuel tax credit or refun	d. (see pag	e F-3)				10		8,400	-		
11 Gross Income. Add amount	ts in the right column t	for lines 3 through 10. If acc	rual method	l taxpayer, er	nter					•			
the amount from page 2, lin				<u> </u>		<u> </u>	<u> </u>	11		11,015	00		
Part II Farm Expenses - (i Method. Do not inclu	ae persor	ial or living	j expen	ses such as ta	ıxes,	ınsuran	ce,				
12 Car and truck expenses (se				25 P6	ension ar	nd profit-sharing		25					
F-3 - also attach Form 4562	40	1,890	٥١٥٥										
13 Chemicals	13	20,700				se (see page (F-	4):						
14 Conservation expenses (se			+			nachinery, and ed	uip-			1 100			
page F-4)		F 220	100					26a 26b		1,100	_		
15 Custom hire (machine work	, 	5,230	00	_	,	l, animals, etc.)		\vdash		10,000			
16 Depreciation and section 17	ı				•	d maintenance		27		22,300	_		
expense deduction not clair		22.600	ما			olants purchased		28	-	19,205	00		
elsewhere (see page F-4)	. 16	32,600	00	_	-	d warehousing		29					
17 Employee benefit programs	ı					urchased		30		7.600			
other than on line 25	17	40.500	-	-	axes .			. 31		7,600			
18 Feed purchased	18	43,500	+	_				32		7,260	-		
19 Fertilizers and lime		20,800		_		breeding, and m	ealcine	33		7,890	00		
20 Freight and trucking	20	17,250		_	mer expe	nses (specify):					l		
21 Gasoline, fuel, and oil .	21	11,650		a				34a		7,635	00		
22 Insurance (other than healti	h) 22	12,600		— "				34b		14 200	00		
23 Interest:	tc.) 23a	Oper.: 10,000 Term: 42,360		G .	Irrig	ation		34c		14,300	00		
a Mortgage (paid to banks, etb Other		Term: 42,360	100	ା " "				34e					
	—	31,000	100	┦ ; .				34f			-		
24 Labor hired (less employme 35 Total expenses, Add lines 1		31,090	00					35	3.	76,960	00		
36 Net farm profit or (loss). Sui	btract line 35 from line						•				1		
Schedule SE, line1. If a loss 37 If you have a loss, you MUS	-	oline 37 (estates, trusts, and describes vour investment				`````		36 37a	_	54,055 estment is at ris			
If you checked 37a, enter th	ne loss on Form 1040	l, line 18, nd ALSO on Sched			, -o).	亅		37b		estment is at ris investment is n			
If you checked 37ab, you M For Paperwork Reduction Act No					Cat. No.	11346H			Sched	ule F (Form 1	1040)		



NOTE: The "Income Tax Expense" (located under the "Non-Operating" section of the Actual Income/Expense screen) can be found on the second page of the tax return under the "Other Taxes" section shown below. You would also need to include any state income taxes that are applicable.

2002 Tax Return

			_							
Other	47	Self-employment tax. Attach Schedule SE	47							
Taxes	48	Alternative minimum tax. Attach Form 6251	48							
	49	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	49							
	50	Tax on qualified retirement plans (including IRAs) and MSAs. Attach Form 5329 if required	50							
	51	Advance earned income credit payments from Form(s) W-2	51							
	52	Household employment taxes. Attach Schedule H	*							
	53	Add lines 46 through 52. This is your total tax	53	5,500	00					
Payments	54	Federal income tax withheld from Forms W-2 and 1099								
_	55	2000 estimated tax payments and amount applied from 1999 retum			i					
	56 a	Earned income credit. Attach Schedule EIC if you have qualifying			i					
Attach Forms W-2.		child b Nontaxable earned income: amount			1					
W-2G, and	57	and type			i					
·					i					
1099-R on	58	and the same of th			1					
the front.	59	Other payments. Check if from a Form 2439 b Form 4136 59			1					
	60	Add lines 54, 55, 56a, 57, 58, and 59. These are your total payments	60							
Refund	61	If line 60 is more than line 53, subtract line 53 from line 60. This is the amount you OVERPAID	61							
	62 a	Amount of line 61 you want REFUNDED TO YOU	62a							
Have it										
directly	▶ b	Routing number Savings Savings	Medicare tax on tip income not reported to employer. Attach Form 4137 tirement plans (including IRAs) and MSAs. Attach Form 5329 if required come credit payments from Form(s) W-2 ment taxes. Attach Schedule H gh 52. This is your total tax symmetrs and amount applied from 1999 return dit. Attach Schedule EIC if you have qualifying earned income: amount come amount form 4868 (request for extension) wheck if from a Form 2439 b Form 4136 form 4136							
deposited!					i					
Se page 27 and fill in 62b.	. .	Account number			1					
62c, and 62d.		Amount of line 61 you want APPLIED TO YOUR 2003 ESTIMATED TAX			l					
					i					



Capital expenditures can be found under "Part I" of "Form 4562" shown below. On "Line 6" you can see that this customer purchased a tractor. The amount of this purchase should be entered in the "Capital" section under "Capital Expenditures" on the Actual Income/Expense screen.

Inter	artment of the Treasury (X) nal Revenue Service ne(s) shown on return	·		Property)		OMB No 1545-0172 2003 Attachment Sequence No. 67 Identifying number
i	•	ense Certain Tangible Property (Section before you complete Part I.)	n 179) (Note: If you have any	/ "listed property."		
1	<u>'</u>	. If an enterprise zone business, see page	2 of the instructions		1	18,000
2	Total cost of section 179 p	property placed in service. See page 2 of t	he instructions		2	200,000
3	Threshold cost of section	179 property before reduction in limitation			3	
4	Reduction in limitation. Su	ubtract line 3 from line 2. If zero or less, en	ter -0		4	
5	,	ar. Subtract line 4 from line 1. If zero or les	•		一	
		e 2 of the instructions	(b) Cost (business use only)	(c) Elected cost	5	
6	Tractor	scription of property	24,500	(c) Elected cost		
			,			
7	Listed property. Enter amo	ount from line 27	7			
8	Total elected cost of section					
9		r the smaller of line 5 or line 8			9	
10	Carryover of disallowed do	eduction from 1996. See page 3 of instruc	tions		10	



"Capital Sales" can be found under "Part I" of "Form 4797" shown below. On "Line 2" you can see that this customer sold a tractor and received cash in the amount of \$15,000. This amount should be entered under the "Capital Sales" section of the Actual Income/Expense screen. The gain listed under "Column H" should be entered under the "Capital Gains" section of the Actual Income/Expense screen.

Form 47	(Including Information on Listed Property)							OMB No 1545-0184 2003				
Department of the Treasury (X) Internal Revenue Service Attach to your tax return. See separate Ins									chment nce No. 27			
Name(s) shown on r			ricusii to you	was recently	p oco separate in	511444113	Identifyin	g number	100 110. 21			
			sale or exchange of e including on line 2		d to you for 2000 on F	Form(s) 1099-S			1			
					nvoluntary Conversi	ons From Other			' '			
Than Ca	sualty or Theft	- Proper	ty Held More Than	1 Year	(e) Depreciation	(f) Cost or ot	hor	(g) GAIN or (LOSS)				
(a) Description of	(b) Date a		(c) Date sold	(d) Gross sales	allowed	basis, plu:	3	for entire year.	(h) 28% RATE GAIN			
property	(mo., da	у, уг.)	(mo., day, yr.)	price	or allowable since acquisition	improvements expense of s		Subtract (f) from the sum of (d)	or (LOSS)			
					acquicition	anpoinso or c		and e)	*(see instr. Below)			
2					 							
JD 4855				15,000	11,000	23,	000		3,000			
			<u> </u>		₱							
3 Gain, if any, fro	m Form 4684 lin	no 30					3					
			from Form 6252, lin				4					
ŭ			exchanges from Fo				5		_			
9	. ,		casualty or theft .				6					
7 Combine lines 2	2 through 6 in co	lumns (gi	and (h). Enter gair	or (loss) here, and	d on the appropriate li	ne as follows:	7		3,000			
		r (loss) o	n Form 1065, Schei	dule K, lines 6a and	d 6b. Skip lines				=,			
8, 9, 11, and 12		n or/los	s) following the instr	uctions for Form 1	1909 Schadula							
K, lines 5 and 6	. Skip lines 8, 9,	11, and	12 below, unless lin									
	ubject to the cap		tax. r a loss, enter that a	mount on line 11 h	nelow and skin							
lines 8 and 9. If	line 7, column (g	g) is a ga	in and you did not h	ave any prior year	section 1231							
			lier year, enter the i ule D and skip lines									
	. ,		rom prior years (see				8					
9 Subtract line 8 t	rom line 7. If zer	o or less	, enter -0 Also ente	er on the appropria	te line as follows (see	instructions):	9		 			
S corporations All others - If li	- Enter only the ne 9, column (g)	gain in c is zero, e	olumn (g) on Scheo enter the gain from I	lule D (Form 11209 ine 7, column (g) o	S), line 14, skip lines 1 In line 12 below. If line In line ach column of line	11 and 12 below. 9, column (g) is						



on Schedule D.

The front page of the 1040 tax return form is on the next page. There you will find the "Non-Farm Income" amounts on lines 7 and 8a, which you will enter into the "Non-Farm Income" input field under the "Non-Operating" section of the Actual Income/Expense screen.

Additional information that must be entered in order to calculate repayment capacity includes:

- Owner Withdrawals: \$32,000 (Enter in "Non-Operating" Section.)
- Term Principal Payment: \$45,000 (Enter under "Financing" section.)

This information is not on the tax return form. You will have to derive this information from other sources available to you.

1040		epartment of the Trea I.S. Individual			(X)	200	3	IRS Use	Only - Do n	ot write i	or staple in this space	
Label	F	or the year Jan. 1 - Di	ec. 31, 2003, or otl					, 2001, en			OMB No. 154	
(See		our first name and ir John			ì		ocial security number	4				
	ВН		Dhn Doe Joint return, spouse's first name and initial Last name								e's social security num	
Use the IRS	[]	ane Doe								38	39 51 267	7
label. Otherwise	▎┞	Home address (number and street). If you have a P.P. box, see page 10 Apt. no.									elp in finding line	
please print		BOX 322 Instruction										
	R			Joue, II you Have	e a ioreigii auuress, s	ee page 10				Zanu	3 in the booklet.	
Presidential Election Campaigr (See page 10.)		Glenwood, 1 Do you want \$3 to If a joint return, do	o go to this fund?		this fund?					Yes	No Note: Checki "Yes" will not change your reduce your	t taxor
		1 Single									A reduce your	iciana.
Filing Status		3 Marrie		etum. Enter spou	use's social sécurity n				•			
Check only					on). (See page 10.) If t	the qualifying	person is a	child but not	your depen	dent,		
one box.			he child's name he /ing widow(er) with		d (year spouse died	<u> </u>		20). (See	e page 1	0.)	
Exemptions		6a Yourself, l	r your parent (or s do not check box (oméone eise) ca	an čiaim ýou as a dep		ornerta)				No. or poxes checked on	
		b Spouse c Dependents:			<u> </u>	<u> </u>	1 79111	pnondonte	(4) No. of i	nonthe	6a and 6b.	
		·	l act ways		(2) Deper			ependent's ionship to	` lived in y	our/	No. of your	
		(1) First name John	Last name Doe	Jr.	social securi	ty number	Son	you	home in	2003	children on 6a who:	
If more than six				J1.	+ + + -		_				* lived with you * did not live with	
dependents, see page 10.		Alex	Doe				Dau	ighter	12		you due to divorce or separation	
					_						(See page 11)	
											Dependents on Co	
											Dependents on 6c not entered above	
											Add numbers	
		a lotal number of 6	xemptions claime	d							entered on	
		7 Wages, Salaries,	tips, etc. Attach F	om(s) W-2						ПП	8,800	00
Income		8a Taxable interest.	Attach Schedule E	if required						8	700	00
		b Tax-exempt inter	est. DO NOT inclu	de on line 8a .			8b					
Attach		9 Dividends, Attach	Schedule B if req	uired						. 9		Т
Copy B of your	10	Taxable refunds,	credits, or offsets	of state and loca	al income taxes (see p	age 12) .				10		
Forms W-2,	11	Alimony received								. 11		
W-2G, and	12	Business income	or (loss). Attach S	chedule C or C-	EZ					12		
1099-R here.	13	Capital gain or (Io	ss). Attach Sched	ule D						13		
	14	Other gains or (lo	sses). Attach Forn	n 4797						. 14	3,000	00
If you did not	15	a Total IRA distribu	tions 15	a		b T	axable amo	ount (see pag	je 13)	15b	-	
get a W-2,	16	a Total pensions ar	nd annuities 16	a		b T	axable amo	ount (see pag	je 13)	16b		
see page 12.	17	 Rental real estate 	, royalties, partner	ships, S corpora	ations, trusts, etc. Atta	ach Schedule	E			17		
	18	B Farm income or (loss). Attach Sche	dule F						18	64,055	00
Enclose but do	19	Unemployment co	ompensation .							19		
not attach any	20	a Social Security be	enefits 20	a		b ⊺	axable amo	ount (see pag	je 14)	20b		
payment. Also,	21	Other income. Lis	t type and amount	t - see page 15								$ldsymbol{oxed}$
please use										21		₩
Form 1040-V.	22	Add the amounts	in the far right col	umn for lines 7 th	hrough 21. This is you	ır total income	=			22	76,555	00
Adjusted	23	IRA deduction (se	ee page 16)				23					
Gross	24	Medical savings a	account deduction.	Attach Form 88	353		24					
Income	25	Moving expenses	. Attach Form 390	3 or 3903-F .			25					
	26		mployment tax. At			· · · L	26					1
If line 32 is under	27		alth insurance ded		•	· · · <u> </u>	27					
\$29,290 (under	28	9	mployed SEP and			· · ·	28					
\$9,770 if a child	29	, ,	withdrawal of savir	-		· · ·	29		-			1
did not live with you), see EIC inst.	31)a Alimony paid Add lines 23 throi	b Recipient's S uah 30a	 	<u> </u>	L	30a			31		
on page 21.	32		-	your adjusted o	gross income					32	76,555	100
		erwork Reduction A					•	Cat	No. 113208		Fori	m 1040

You are now finished with this data entry exercise.

NOTE: The customer record you were just working in will be used throughout the training modules. The data input you do in one module is built upon in each subsequent module. Therefore, it is critical that you make no changes to this record outside of what you are instructed to do in the data input exercises.

Your next step will be to go to the eLearning Center to take the test for this module. While taking the test it may be necessary to refer back to your Web Equity Manager® input. It is recommended that you leave the browser window open where you were just working in Web Equity Manager® and open a second browser window now for the eLearning Center to facilitate easy switching between the two applications.

- In the new browser window you just opened, proceed to the ECI eLearning Center at http://elearning.onlinequity.com. NOTE: This resource has also been added to your "Favorites" list.
- eLearning instructions:
 - Log into the eLearning Center using the same User ID/Password you used to access Web Equity Manager®.
 - Click on the "My Classes" link.
 - Below the module you just completed click on the "Test Now" link.
 - Answer each question. When you have answered all of the questions click "Grade Now."
 - After reviewing the test, click "J" in the top right corner of the screen to return to the "My Classes" screen where you may retest if desired.
 - On the right side of the screen, under the "Rate Class" column, click the link for the module you just completed. Complete the feedback form. When finished, click the "Save & ♪" link.
 - Log out of the eLearning Center and out of Web Equity Manager when finished.

You are now ready to attend the next module.